



Department of Justice

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JUSTICE DEPARTMENT URGES SURFACE TRANSPORTATION BOARD TO IMPOSE CONDITIONS ON CSX/NORFOLK SOUTHERN ACQUISITION OF CONRAIL

WASHINGTON, D.C. -- The acquisition of Conrail by CSX Corporation and Norfolk Southern Railway Company should be conditioned on the grant of trackage rights to protect competition in the coal transportation market, the Justice Department said.

In a brief filed Monday at the Surface Transportation Board, the Antitrust Division said the proposed transaction would create a monopoly in two, and possibly three, markets in Indiana and Maryland. In those markets, the Division said the number of rail carriers delivering coal to certain utility plants would decline from two to one. These coal transportation markets represent over \$80 million in annual revenues.

"Unless conditions are imposed on this transaction, the electric utilities serving areas of Indiana and Maryland are likely to suffer increased transportation rates," said Joel I. Klein, Assistant Attorney General in charge of the Justice Department's Antitrust Division, "Conditions are necessary to preserve competition so that consumers are protected from rate increases in these important markets."

The Department recommended that the Surface Transportation Board order CSX and Norfolk Southern to grant specified trackage rights to another rail carrier to preserve existing two-carrier competition and prevent rate increases in the affected markets. These conditions

would still allow CSX and Norfolk Southern to enjoy any efficiencies arising out of the acquisition.

Trackage rights permit one railroad to operate its trains over tracks owned by another by paying the owner a fee.

The utility plants that could be harmed if the transaction were to go forward without conditions are owned by Indianapolis Power & Light Company, Potomac Electric Power Company, and PSI Energy, Inc.

The Board is scheduled to announce its decision in this matter on July 23, 1998.

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